

# SENATE BILL REPORT

## SB 5785

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As of February 3, 2010

**Title:** An act relating to for hire vehicles and for hire vehicle operators.

**Brief Description:** Concerning for hire vehicles and for hire vehicle operators.

**Sponsors:** Senators Kline, Rockefeller, Jacobsen, Murray, Franklin, Keiser and Shin.

**Brief History:**

**Committee Activity:** Labor, Commerce & Consumer Protection: 2/02/10.

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### SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

**Staff:** Kathleen Buchli (786-7488)

**Background:** Under the unemployment insurance and industrial insurance programs, a person is considered to be an employee or worker unless that person meets the statutory exception tests to the definition of worker or employment. If those statutory exceptions are met, the worker is considered to be an independent contractor and no industrial insurance or unemployment taxes are due. The person will also not be covered for purposes of workers' compensation and unemployment insurance.

The term for hire vehicle includes vehicles used for the transportation of passengers for compensation, but does not include school buses, ride-sharing vehicles, limousine carriers, vehicles used by nonprofit transportation providers for elderly or handicapped persons, courtesy transportation vehicles, and charter party carriers. A for hire operator is a person, concern, or entity engaged in the transportation of passengers in for hire vehicles.

Urban transportation business means the business of operating any vehicle for public use in the conveyance of persons or property for hire that operate within the corporate limits of any city or town.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Proposed Substitute):** Services performed by an individual operating a for hire vehicle for remuneration constitute employment if it is shown that the person operating the for hire vehicle has an ownership or a leasehold interest in a vehicle that is operated as a for hire vehicle and is operating the vehicle as a for hire operator. An industrial

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insurance premium is to be assessed on the owners of a for hire vehicle in order to provide the for hire operators industrial insurance. For hire vehicle owners, urban transportation businesses, direct industry service providers, and associations of taxicab, limousine, and for hire vehicle owners and operators may participate in the retrospective rating plan. Failure to pay the premium must result in the immediate suspension or revocation of the for hire vehicle license. The Department of Labor and Industries (Department) may empower a panel with for hire vehicle transportation industry experience and expertise to review claims and industry operating procedures and advise the Department on these issues.

Any entity regulating or setting consumer rates for urban transportation businesses, including cities, towns, counties, and port districts, must consider the impact of industrial insurance assessments on for hire vehicle owners and operators, urban transportation providers, and direct industry service providers. Consumer rates must be adjusted to offset any increased costs to urban transportation businesses, and for hire vehicle operators and direct industry service providers.

For the purposes of unemployment compensation, the term employment does not include for hire vehicle operators if the operator has an ownership or leasehold interest in a vehicle that is operated as a for hire vehicle, is operating it as a for hire vehicle operator, and meets the statutory exception tests to employment.

**Appropriation:** None.

**Fiscal Note:** Requested on February 2, 2010.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This is to bring for hire vehicle drivers, many of whom own all or part of their vehicles, into the workers compensation system. The for hire vehicle industry has been subject to arguments over who is the employer and who is not and this bill will help get some clarification. These employees are at risk and are getting hurt and robbed, and are not covered under automobile insurance. We are private industry employers who want into the the Department's system, not only for the workers, but for the tort liability protections for the employers. The ownership community believes this will be beneficial to them and the lease operators are happy with this because they will be paying nothing.

**Persons Testifying:** PRO: Senator Kline, prime sponsor; Chris Van Dyk, BYG Taxi Coop.